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World Production and Trade

United States
Department of
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Foreign
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Weekly
Roundup

WR 43-86

October 28, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

OILSEEDS AND PRODUCTS

ITALY Increases Soybean Production; Reduces Imports. Since 1983, Italy's soybean production has increased more than tenfold, from 62,000 metric tons to an estimated 680,000 tons in 1986. Production of soybeans is replacing both corn and sugarbeets in the northern Po Valley region mainly because of favorable European Community (EC) crushing subsidies passed on to producers. With no expansion planned in Italy's livestock sectors and stagnant demand for soybean meal, soybean production is forecast to displace soybean imports. USDA forecasts 1986/87 Italian soybean imports at 1.05 million tons, down 350,000 tons from 1985/86. Italian soybean imports from the United States are estimated at 700,000 tons for 1986/87. If the EC's soybean crushing subsidy continues to remain favorable compared to corn prices, soybean production area is expected to double by 1990. If soybean demand remains stable, Italy then will meet more than 70 percent of its needs through domestic production.

DAIRY, LIVESTOCK AND POULTRY

UNITED STATES Imports Record Levels of Cattle from Mexico. During the first eight months of 1986, the United States imported more than 573,000 head of cattle from Mexico, compared to only 468,000 for all of 1985. Most of the imported cattle are feeder cattle that enter U.S. feedlots, but an increasing number are ready-to-slaughter cattle. During the first eight months of 1986, ready-to-slaughter cattle imports reached more than 14,000 head, and feeder cattle imports reached more than 558,000 head.

The primary reason behind the increase is that U.S. beef prices are higher than the low Mexican prices. The Mexican government also has increased its cattle export quota.

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JAPAN Allocates Its Tariff Quota for Leather. The Japanese government has issued its tariff quota (TQ) allocations for leather and leather shoes for the second half of its 1986 fiscal year (Oct/March). The allocations are the same as for the first half of the year (April/Sept)-- 208,000 square meters for bovine leather and 196,000 square meters for goat and sheep leather.

The new tariff quota system for leather and leather shoes, effective April 1, applies a 15-30 percent duty on imports within TQ levels and a 60 percent duty on imports exceeding those levels. In calendar year 1985, Japan imported 658,000 square meters of bovine leather, with 70 percent (valued at \$20.9 million) coming from the United States.

ROMANIA Reports Larger Milk Production. Milk production in Romania is expected to total 3.7 million tons in 1986, 3 percent above 1985, according to the U.S. agricultural counselor's report for that country. Increased feed and forage supplies facilitated an increase in productivity that was more than enough to offset the impact of a 4-percent decline in cows. Milk output is expected to increase again in 1987 because winter feed and forage supplies are better than last year.

After the Chernobyl nuclear accident, the marketing of fluid milk was banned for 45 days, with most of that milk diverted to the manufacturing market. As a result, cheese production is expected to total 120,000 tons, up nearly 25 percent, while butter production is expected to show a 10-percent increase over 1985. Production of cheese and butter in 1987 is expected to decline to 1985 levels as fluid use returns to a more normal level.

Increases in SOVIET UNION'S Livestock Sector Reported for September. Meat production on state and collective farms in the Soviet Union for January-September was 7 percent above the comparable period of 1985, according to the U.S. agricultural attache in Moscow. Milk production rose 5 percent. A 6-percent increase in productivity more than offset a small decline in cow numbers. Egg production for the period was reported to be 7 percent above January-September 1985.

Cattle on state and collective farms on October 1 numbered 96.5 million head, 1.1 million above 1985. Cow numbers reported at 29.1 million head, were down 0.3 million. Hog numbers, at 63.1 million, were 2.8 million above last year. Poultry numbers were essentially unchanged from year earlier levels.

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EXCHANGE Rec'd

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COTTON AND FIBERS

TURKEY Increases Cotton Export Subsidy Rates. The Turkish Government's Money and Credit Board revised its cotton export subsidy rates from 1.9 cents per pound to 4.4 cents per pound for Aegean and Antalya types, and from 3.1 cents per pound to 6 cents per pound for the Cukurova type. This was the third revision in the cotton export subsidy rate in as many weeks and appears to have satisfied the exporters, ginner and producers. The subsidies were established to make Turkish cotton prices more competitive on world markets.

TOBACCO

HONG KONG May Propose Smokeless Tobacco Ban. The Hong Kong Legislative Council (LEGCO) is drafting a law which would ban the import, manufacture and sale of smokeless tobacco in Hong Kong. The bill will be debated by the LEGCO on November 12. If the bill passes, it must be forwarded to the Executive Council for consideration. The timetable for the entire process is unclear. According to Hong Kong's Medical and Health Department, the ban is considered a preventative health measure. For January-August 1986, U.S. smokeless tobacco exports to Hong Kong totaled 2 tons valued at \$16,000. For the same period in 1985, exports were 1 ton.

FRUITS

SPAIN'S 1986/87 Citrus Crop Forecast At Near-Record Level. Spain's 1986/87 citrus crop is forecast at a near-record 3.8 million tons, 8 percent above last year's harvest and 43 percent above the freeze-reduced 1984/85 crop, according to the U.S. agricultural counselor in Madrid. Abundant water for irrigation and the intensive use of subsoil water compensated for the negative effects of dry weather and high temperatures throughout most of the spring and summer of 1986. Orange production is forecast up 7 percent from last year and tangerine production is forecast up 4 percent. A large percentage of the orange and tangerine crop is normal to large-sized fruits with maturation running slightly behind normal. A record lemon crop is forecast for 1986/87, 23 percent above last season. The favorable citrus outlook has dimmed somewhat in recent weeks as heavy rains and generally wet weather has caused some quality damage.

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Spanish citrus production estimates by type are as follows, in thousand metric tons.

	1984/85	Revised 1985/86	Forecast 1986/87
Sweet Oranges	1,365	1,942	2,075
Tangerines	947	1,050	1,090
Lemons	325	482	590
Grapefruit	8	13	19
Other <u>1/</u>	14	23	17
Total	2,659	3,510	3,791

1/ Mostly bitter oranges.

FRANCE Revises Its Deciduous Fruit Estimates. The French Ministry of Agriculture recently released revised production estimates for several deciduous fruit crops, according to the U.S. agricultural counselor in Paris. The revised data for pears, peaches and nectarines are official numbers for the past three years. This is the first year, however, that the Ministry has issued a breakout of apple production by variety. The varietal estimates for 1984 and 1985 were made by the U.S. agricultural counselor. France's harvested production is as follows, in thousand metric tons.

	1984 <u>1/</u>	1985 <u>1/</u>	1986 <u>2/</u>
Apples	1,981.7	1,792.8	1,847.0
Golden Delicious	1,277.2	1,147.9	1,227.1
Red American Varieties	218.3	149.1	221.2
Granny Smith	153.2	145.5	200.8
Summer Apples	70.3	50.6	82.7
Other	262.7	299.7	115.2
Pears	449.7	416.8	333.0
Peaches	390.4	387.5	363.4
Nectarines	88.4	97.2	103.6

1/ Revised

2/ Preliminary

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CREDIT NOTES

GSM-102 Actions Announced for MEXICO, YUGOSLAVIA and MAURITIUS. USDA reallocated \$10 million under the \$745 million in credit guarantees to Mexico for fiscal 1987. Yugoslavia received a \$2.5-million credit line to buy U.S. cotton in fiscal 1987. Mauritius received a \$1.5-million credit line to buy U.S. cotton in fiscal 1987.

GSM-103 Actions Announced for MEXICO and ECUADOR. USDA authorized up to \$50.0 million in credit guarantees to Mexico to permit that country to buy U.S. breeding livestock. A \$4-million credit line was authorized so Ecuador can buy U.S. breeding livestock.

MADAGASCAR Signs a Section 416 Agreement. Madagascar signed a Section 416 agreement for 5,376 tons of wheat. The wheat was provided under a \$1.0-million allocation of U.S. agricultural products, including transportation, to compensate for Madagascar's revenue loss due to the U.S. sugar quota.

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of Oct. 28, 1986, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS
48. Philippines barley malt	Oct. 20, '86	60,000
47. Cameroon wheat flour	Oct. 14, '86	20,000
46. Romania barley	Sept. 24, '86	200,000
45. Venezuela barley malt	Sept. 4, '86	100,000
44. Cyprus barley	Aug. 26, '86	150,000 Sold 50,000
43. Canary Islands wheat	Aug. 8, '86	100,000
42. Egypt semolina	Aug. 6, '86	30,000
41. Soviet Union wheat	Aug. 1, '86	4,000,000 EXPIRED
40. Canary Is. dairy cattle	July 28, '86	3,000 head
39. Hong Kong table eggs	July 28, '86	44 million
38. Senegal wheat	July 17, '86	100,000 COMPLETE
37. India vegetable oil	July 8, '86	25,000
36. Jordan barley	June 17, '86	60,000
35. Israel barley	June 17, '86	200,000 Sold 36,200
34. Tunisia dairy cattle	May 29, '86	4,000 head
33. Algeria dairy cattle	May 29, '86	5,000 head
32. Sri Lanka wheat	May 16, '86	125,000 Sold 75,000
31. Saudi Arabia barley	May 7, '86	500,000 COMPLETE
	Aug. 6, '86	250,000 COMPLETE
	Sept. 16, '86	300,000 COMPLETE
	Oct. 8, '86	200,000 COMPLETE
		(201,000)

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EXPORT ENHANCEMENT INITIATIVES CONT.

30. Algeria barley	Apr. 17, '86	500,000	
29. Morocco dairy cattle	Apr. 16, '86	4,000 head	Sold 150
28. Turkey dairy cattle	Apr. 16, '86	5,000 head	
27. Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
	Sept. 12, '86	10,000 head	
26. Yemen poultry feed	Apr. 14, '86	150,000	
25. Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
	June 24, '86	200,000	Sold 151,900
	Oct. 7, '86	500,000	
24. Indonesia dairy cattle	Apr. 9, '86	7,500 head	
23. Syria wheat	Apr. 8, '86	700,000	
22. Benin wheat	Apr. 7, '86	45,000	Sold 30,000
21. Algeria table eggs	Apr. 4, '86	500 million	
20. Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 200
19. Jordan wheat	Mar. 19, '86	75,000	COMPLETE
	June 20, '86	75,000	COMPLETE
18. Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
	Aug. 22, '86	800,000	Sold 250,000
17. Algeria wheat flour	Feb. 25, '86	100,000	
16. Algeria semolina	Feb. 11, '86	250,000	
15. Philippines wheat	Jan. 7, '86	150,000	COMPLETE (152,400)
14. Zaire wheat	Dec. 27, '85	40,000	COMPLETE
	May 15, '86	40,000	COMPLETE
	Oct. 17, '86	40,000	
13. Nigeria barley malt	Dec. 10, '85	100,000	Sold 4,400
12. Iraq wheat flour	Dec. 9, '85	150,000	Sold 100,000
11. Egypt poultry	Nov. 26, '85	8,000	COMPLETE
	Mar. 21, '86	15,000	COMPLETE
	June 18, '86	5,000	COMPLETE
	July 8, '86	15,000	COMPLETE
10. Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
	May 15, '86	30,000	
9. Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8. Jordan rice	Nov. 8, '85	40,000	Sold 38,700
7. Turkey wheat	Oct. 16, '85	500,000	COMPLETE (506,600)
	May 8, '86	500,000	
6. Morocco wheat	Sept. 30, '85	1,500,000	Sold 890,000
5. Yemen wheat	Sept. 6, '85	100,000	Sold 50,000
4. Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
	Apr. 14, '86	100,000	Sold 63,000 LT
3. Egypt wheat	July 26, '85	500,000	COMPLETE
	Oct. 30, '85	500,000	COMPLETE (512,500)
	June 24, '86	500,000	COMPLETE
	July 29, '86	52,000	Sold 29,000
	Oct. 8, '86	1,000,000	
2. Egypt wheat flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	
1. Algeria wheat	June 4, '85	1,000,000	COMPLETE
	Apr. 10, '86	1,000,000	

EXPORT ENHANCEMENT PROGRAM SUMMARY
Status as of October 28, 1986

Announced to Date	16,411,180 (grain equivalent)
	544 million table eggs
	43,000 tons frozen poultry
	51,000 head dairy cattle
	25,000 tons vegetable oil
Sold to Date	5,477,400 wheat
	1,337,200 flour (grain equivalent)
	1,312,200 barley
	43,000 frozen poultry
	38,700 rice
	5,980 barley malt (grain equivalent)
	6,350 head dairy cattle
Total Sales Value:	\$840.6 million
Estimated Bonus Book Value:	\$430.5 million.

TARGETED EXPORT PROMOTION PROGRAM

The status of USDA's Targeted Export Promotion Program as of Oct. 21, 1986, was as follows:

DATE ANNOUNCED	COMMODITY	VALUE	COUNTRY
Oct. 9, 1986	Red meat	\$7.0 million	Japan, Hong Kong
Oct. 8, 1986	High-value and processed foods	\$3.2 million	All countries
Oct. 3, 1986	Pasta products	\$2.1 million	Caribbean, Pacific Rim, Middle East
Oct. 2, 1986	Cotton	\$7.0 million	Western Europe, Asia
Oct. 1, 1986	Pistachios	\$0.2 million	Pacific Rim
Sept. 30, 1986	Soybeans	\$8.5 million	European Community
Sept. 29, 1986	Peanuts	\$4.5 million	Western Europe
Sept. 19, 1986	Processed foods	\$0.3 million	West Germany
Sept. 17, 1986	Processed foods	\$1.4 million	Pacific Rim
Sept. 16, 1986	Processed foods	\$0.5 million	Pacific Rim, Western Europe, Middle East, Caribbean
Sept. 16, 1986	Wine	\$2.5 million	Pacific Rim, Western Europe
Sept. 12, 1986	Rice	\$3.5 million	European Community, Middle East, Africa, Southeast Asia, Caribbean
Sept. 8, 1986	Fresh pears	\$0.3	Scandinavia, Arabian Gulf, Pacific Rim
Sept. 2, 1986	Wheat	\$2 million over 3 years	Egypt, Algeria
Aug. 12, 1986	Canned Peaches, Fruit Cocktail	\$5.1 million	Pacific Rim & Middle East
Aug. 8, 1986	Feed Grains	\$2.1 million	To be announced
July 28, 1986	Dry Peas & Lentils	\$2.5 million	EC, Colombia, India
July 25, 1986	Table Grapes	\$0.35 million	Japan
July 18, 1986	Washington State Apples	\$1.4 million	United Kingdom, Taiwan, Malaysia, Hong Kong, Norway, Middle East
July 17, 1986	Wood Products	\$0.65 million 1/	United Kingdom
July 16, 1986	Wheat	\$1.1 million	Developing countries
July 14, 1986	Poultry & Eggs	\$6 million	Pacific Rim, Middle East countries
June 24, 1986	Feed Grains, Soybean Meal & Dairy Cattle	\$9 million over 3 years	Algeria
June 23, 1986	Fresh & Processed Florida Citrus	\$4.6 million	Western Europe & Pacific Rim
May 20, 1986	Dried Prunes	\$4 million	Western Europe

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TEA PROGRAM SUMMARY CONT.

April 30, 1986	Wood	\$1.95 million (over 3 years)	Japan
April 28, 1986	Wine	\$2.3 million	Japan, United Kingdom, Hong Kong, Singapore
April 25, 1986	Almonds	\$0.9 million	Western Europe, Japan, Korea
April 17, 1986	Canned Peaches, Fruit Cocktail	\$2.5 million	Japan, Taiwan
April 16, 1986	Walnuts	\$9 million 2/	Western Europe, Japan, Australia
April 16, 1986	Raisins	\$6.3 million	Western Europe, Pacific Rim, Middle East
April 14, 1986	California & Arizona fresh & processed citrus	\$8.5 million	Western Europe, Pacific Rim
March 27, 1986	Frozen Potatoes	\$2 million	Japan, Hong Kong, Taiwan, Malaysia, Singapore

Total: \$113.07 million

- 1/ Part of April 30, 1986, wood TEA amount. Not included in total.
 2/ Includes additional \$2 million announced Aug. 1, 1986.

Selected International Prices

Item	: October 28, 1986	: Change from	: A year
	:	: a week ago	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			\$ per MT
Canadian No. 1 CWRS-13.5%.	N.Q.	--	191.00
U.S. No. 2 DNS/NS: 14%....	134.00	3.65	+2.50 174.50
U.S. No. 2 S.R.W.	141.00	3.84	+4.00 144.00
No. 3 H.A.D.....	143.25	3.90	-0.75 168.00
Canadian No. 1 A: Durum...	152.00	4.14	-0- N.Q.
Feed grains:			
U.S. No. 3 Yellow Corn....	84.00	2.13	+6.00 112.50
Soybeans and meal:			
U.S. No. 2 Yellow.....	202.40	5.51	+5.65 204.50
Brazil 47/48% Soya Pellets	205.00	--	+1.00 189.00
U.S. 44% Soybean Meal.....	185.00	--	+1.00 171.00
U.S. FARM PRICES 3/			
Wheat.....	87.07	2.37	+1.10 113.89
Barley.....	64.76	1.41	+5.51 64.76
Corn.....	59.84	1.52	+3.94 85.83
Sorghum.....	N.Q.	-- 2/	-- 80.91
Broilers.....	1232.59	--	-271.39 1128.98
EC IMPORT LEVIES			
Wheat 5/.....	177.20	4.82	-5.60 100.15
Barley.....	176.80	3.85	-4.60 99.85
Corn.....	175.30	4.45	-6.70 89.35
Sorghum.....	171.35	4.66	-4.25 98.50
Broilers 4/ 6/ 8/.....	363.00	--	-6.00 189.00
EC INTERVENTION PRICES 7/ 9/			
Common wheat(feed quality)	185.10	5.04	-3.40 156.40
Bread wheat (min. quality)	194.35	5.29	-3.50 166.90
Maize.....	194.35	4.94	-3.50 156.40
Barley and all other feed			
grains, excluding maize.	185.10	--	-3.40 156.40
Broilers 4/ 6/.....	1548.00	--	-14.00 1234.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	137.85	3.75	+0.60 62.90
Barley.....	135.75	3.69	+2.20 N.A.
Broilers 4/ 6/ 8/.....	318.00	--	-6.00 109.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. N.A.=None authorized. N.Q.=Not quoted. Note: Basis November delivery.

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